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# Gila River Indian Community Utility Authority

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Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

RE: Docket No. RE-00000C-00-0377  
REQUEST FOR CLARIFICATION CONCERNING ELIGIBLE PROJECTS UNDER THE  
ENVIRONMENTAL PORTFOLIO STANDARD.

The Gila River Indian Community Utility Authority ("GRICUA") requests clarification concerning in-state renewable energy projects and eligibility for meeting the Environmental Portfolio Standard ("EPS") requirements by Affected Utilities. Specifically, can APS EPS funds be used to support an EPS eligible installation outside the APS service territory?

### Background

In April, 2005 GRICUA began developing a proposal to submit to the United States Department of Agriculture ("USDA") competitive Renewable Energy Grants solicitation to build the first phase (410 kW) of a 5MW photovoltaic system. In addition to grant funding and GRICUA equity, the sale of green credits associated with the renewable energy production was identified as a funding source. Over the next few months, GRICUA presented the opportunity to Affected Utilities in Arizona. The project was considered attractive and fairly priced, but a concern arose, and was repeated by several Affected Utilities, that credits produced from generation outside the Affected Utility's Service Territory were not eligible to meet the EPS requirements.

On September 14, 2005 the USDA announced \$500,000 funding for the GRICUA project. On October 17<sup>th</sup>, USDA Under-Secretary Tom Dorr presented GRICUA with the funding award and expressed hope that the GRICUA project would be a model for additional projects in Arizona and the nation.

As of November 30, 2005, GRICUA has not received a commitment to purchase the green credits, with Affected Utilities reiterating their concerns about Service Territory. This has delayed the start of the project and is hampering efforts to secure funding support for additional renewable energy projects in Arizona.

### Previous Credit Purchases Outside of Affected Utilities' Service Territory

To date, Affected Utilities have purchased credits from renewable energy generators outside their service territories.

6640 W. Sundust Rd. • Box 5091 • Chandler, Arizona 85226-4211  
Office: 520.796.0600 • Fax: 520.796.0672  
E-Mail: GRICUA@gilanet.net  
Website: www.gricua.net

Examples include:

1. Sales of over 15,000 MWH of EPS credits from Tucson Electric Power to other EPS-affected utilities in 2001 (source: <http://www.greenwatts.com/Docs/ACCAnnual2001.pdf>).
2. Arizona Public Service Co. purchase of solar-electric credits from Imperial National Wildlife Refuge during 2002 (10 kW-DC) and 2003 (7.5 kW-DC expansion). Project is located within Wellton-Mohawk Irrigation and Drainage District service territory (source: American Solar Electric, Inc. – Scottsdale, AZ).
3. Arizona Public Service Co. acquisition of solar-electric credits from over 555 kW of projects located at the US Army Yuma Proving Grounds between 1997 and 2003. Projects are located within an electric distribution system operated by the US Department of Energy (source: APS Renewable Resources Development Program – Semi-annual Report for the Period July through December, 2003).
4. Arizona Public Service Co. acquisition of solar-electric credits from NAPV for off-grid projects located within Navajo Tribal Utility Authority service territory (source: APS Renewable Resources Development Program – Semi-annual Report for the Period July through December, 2003).

#### **Existing Rule Does Not Prohibit**

Nothing in the Rule prohibits purchases of credits outside Affected Utilities' service territory.

#### **Supporting Market-Based, Competitive Renewable Energy Projects**

Affirming the eligibility of renewable energy production to meet EPS requirements regardless of the Service Territory of the buyer or seller, promotes a more competitive, fair, and transparent market for renewable energy projects in Arizona. This is critical to attracting continuing Federal support and Wall Street investment capital, and to reducing the long term cost for renewable energy generation.

#### **Request**

GRICUA requests that the Commission affirm the eligibility of the green credits produced by the GRICUA photovoltaic system in meeting the EPS requirements and confirm that Affected Utilities may purchase EPS eligible credits from outside their service territories.

GRICUA respectfully requests that this clarification BE EXPEDITED.

Thank you for your leadership in supporting balanced and renewable energy development in Arizona.

Sincerely,



William Pezalla  
General Manager

Cc: Commissioner Jeff Hatch-Miller, Chairman  
Commissioner William A. Mundell  
Commissioner Marc Spitzer,  
Commissioner Mike Gleason  
Commissioner Kristin K. Mayes

R. Williamson  
B. Keene